


AR38

# DOMINE MINES LIMITED

## Report to Shareholders

For the Financial Year Ended December 31

1975



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# DOME MINES LIMITED

## Report to Shareholders

For the Financial Year Ended December 31

1975

### **ANNUAL AND SPECIAL GENERAL MEETING OF SHAREHOLDERS**

will be held

at 11:00 o'clock a.m. (Toronto time)

Thursday, May 6, 1976,

Room "A" Convention Floor, Royal York Hotel,

TORONTO, ONTARIO

\$

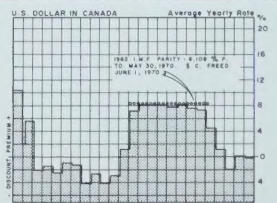
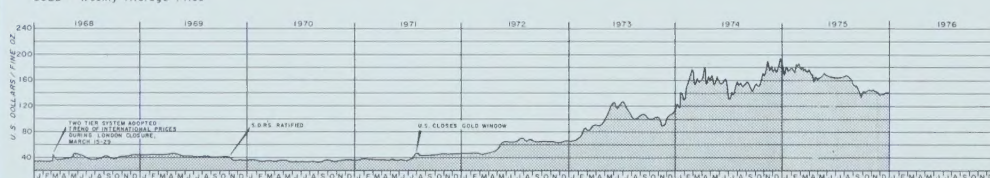


LONDON ; Second FIXING  
IN U.S. DOLLARS

## 1975 DAILY GOLD PRICE

DOMINE MINES LIMITED

GOLD - Weekly Average Price



# DOMINE MINES LIMITED

(Incorporated under the laws of Canada)

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## LOCATION OF MINE AND HEAD OFFICE

South Porcupine, Ont. Canada  
P0N 1H0

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## ADDRESS OF THE PRESIDENT

365 Bay Street, Suite 600, Toronto, Ont. M5H 2V9

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## ADDRESS OF THE SECRETARY-TREASURER

Box 30, Toronto-Dominion Centre  
Toronto, Ont. M5K 1C1

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## REGISTRARS

Canada Permanent Trust Company  
320 Bay Street, Toronto, Ont. M5H 2P6  
Bankers Trust Company, 16 Wall Street, New York, N.Y. 10015

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## TRANSFER AGENTS

Crown Trust Company, 302 Bay Street, Toronto, Ont. M5H 2P4  
The Bank of New York, 48 Wall Street, New York, N.Y. 10015

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## AUDITORS

Clarkson, Gordon & Co. — Toronto, Ont. M5K 1J7

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## SOUTH PORCUPINE OPERATIONS

Manager — Harry V. Pyke  
General Superintendent — Robert J. Perry

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## EXPLORATION DEPARTMENT

G. S. Wallace Bruce  
Vice-President Exploration  
365 Bay Street, Suite 600, Toronto, Ont. M5H 2V9

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## GENERAL COUNSEL

Fasken & Calvin  
Box 30, Toronto-Dominion Centre  
Toronto, Ont. M5K 1C1

*Edmundo*

**DIRECTORS**

~~Clifford W. Michel~~ ..... New York, N.Y.  
F. Warren Pershing ..... New York, N.Y.  
A. Bruce Matthews ..... Toronto, Ont.  
James B. Redpath ..... Toronto, Ont.  
William F. James ..... Toronto, Ont.  
Allen T. Lambert ..... Toronto, Ont.  
Charles P. Girdwood ..... Prescott, Ont.  
Fraser M. Fell ..... Toronto, Ont.  
John K. McCausland ..... Willowdale, Ont.  
G. Alexander Adamson ..... Toronto, Ont.

*Gallagher*

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**OFFICERS**

Clifford W. Michel  
Chairman of the Board

Malcolm A. Taschereau  
Senior Vice-President

Fraser M. Fell  
Secretary-Treasurer

Edmund J. Andrecheck  
Assistant Treasurer

James B. Redpath  
President

Charles P. Girdwood  
Vice-President

G. S. Wallace Bruce  
Vice-President Exploration

Harry V. Pyke  
Manager

Robert J. Perry  
General Superintendent

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It is recorded here that it is the intention of the present management to solicit proxies. The form of proxy and the information circular will accompany the Notice of Annual and Special General Meeting which is being mailed to all shareholders.

# COMPARATIVE CONSOLIDATED FINANCIAL SUMMARY

	1975	1974
Bullion Revenue .....	\$59,014,000	\$63,332,000
Operating Costs .....	\$29,817,000	\$25,159,000
Operating Profit .....	\$29,197,000	\$38,173,000
Exploration Expenses .....	\$1,588,000	\$1,273,000
Taxes (Provincial and Federal) .....	\$15,519,000	\$19,093,000
Net Income .....	\$19,413,000	\$20,979,000
Net Income per share .....	\$3.32	\$3.59
Working Capital — December 31 .....	\$53,335,000	\$45,430,000
Dividends Declared .....	\$5,256,000	\$5,548,000
Dividends declared per share .....	\$0.90	\$0.95
Shares Issued .....	5,840,004	5,840,004
Number of Shareholders — December 31 .....	7,938	7,768

REPORT OF THE DIRECTORS  
of  
**DOME MINES LIMITED**  
(For the Financial Year Ended December 31, 1975)

Toronto, Ontario,  
March 16, 1976.

To the Shareholders of  
Dome Mines Limited:

On behalf of your Directors, the undersigned are pleased to submit their joint report covering the financial year ended December 31, 1975. This report includes the balance sheet and statements of income, retained earnings and changes in financial position which consolidate your Company's interests in its subsidiaries, Campbell Red Lake Mines Limited, Sigma Mines (Quebec) Limited, and your Company's consolidated equity in the earnings of its affiliate, Dome Petroleum Limited, together with the Report of the Auditors thereon.

Consolidated net income aggregated \$19,413,000 or \$3.32 per share, as compared with \$20,979,000 or \$3.59 per share in 1974. This is the second highest net income reported by the Company since operations commenced in 1911, being surpassed only by that of the previous year. As a result of restraints applicable to the payment of dividends under the Anti-Inflation Act and Regulations, your Company declared dividends totalling 90¢ per share in 1975 as compared to 95¢ in 1974.

During the last four months of the year, the price of gold dropped substantially; however, for the year as a whole, the average price of \$161.85 was 4.6% higher than the figure of \$154.68 for the previous year. The decrease of 7.5% in consolidated net income was due primarily to a decrease in production of 16,427 ounces or 4% from the planned mining of lower grade ore made economic by higher gold prices. Operating costs increased 18.5% over 1974. The impact of these items was partially ameliorated by increased earnings from our equity in Dome Petroleum Limited. This latter company increased its net income for the year by 46% to \$41,120,000. Our equity in these earnings was \$8,451,000 or \$1.45 per share of Dome Mines in 1975 as compared with \$5,666,000 or \$0.97 per share in 1974. Your Company and its subsidiaries hold a total of 2,400,000 shares or 21% of the issued shares of Dome Petroleum. These shares had a market value of \$82,200,000 based on the 1975 closing bid price on The Toronto Stock Exchange.

The subsidiary companies, Campbell Red Lake Mines Limited and Sigma Mines (Quebec) Limited contributed substantially to the consolidated earnings of your Company. Summaries of their operations are included in this report; enclosed is a postal card which may be used to request copies of the 1975 Annual Reports of Campbell, Sigma and Dome Petroleum.

Your Company increased its working capital position by \$7,905,000 to a total of \$53,335,000. Considering this strong financial position, exploration in all areas of Canada will be maintained at present levels.

On October 14, 1975, the Canadian Government announced the introduction of wage and price controls which have been implemented under the Anti-Inflation Act and Regulations. Corporations such as Dome Mines and its subsidiaries which, together with their associated companies, employ more than 500 persons are subject to the Act. In management's opinion, based on present operating costs, the Regulations governing maximum allowable profits in the first guideline year should not adversely affect Dome Mines and its subsidiaries. For this to occur, gold sale prices would have to increase to such an extent that operating profit per ounce exceeded that realized during the financial year 1974. The status of profit and dividend restrictions in the second year of the anti-inflation program is still unknown and it is premature at this time to assess the impact on income resulting from the imposition of wage controls.

The effective rate of total taxation again increased due to changes in federal and provincial legislation enacted during 1974 and 1975, which were applicable for the full year 1975.

Mineral exploration was again increased with costs pro-rated between the parent company, our principal subsidiaries Campbell and Sigma, and our affiliate Dome Petroleum. The exploration program is covered in detail on page 20 of this report.

Arising from your Company's participation in mineral exploration projects are the greatest part of our holdings in Mattagami Lake Mines Limited and Canada Tungsten Mining Corporation Limited. Mattagami holds a substantial interest in a zinc refinery at Valleyfield, Quebec, operated by Canadian Electrolytic Zinc Limited and a 60% interest in Mattabi Mines Limited in the Sturgeon Lake District of Ontario. Your Company received dividends amounting to \$1,300,000 from this source during the year.

During the year, Canada Tungsten Mining Corporation continued its major program of improvements to plant and townsite which for the second year required heavy capital expenditures. This fact, together with somewhat lower tungsten prices during the year, led to the decision not to declare a dividend.

The role played by gold throughout history has been principally that of a storage of value. For many years, prior to World War I, most of the world's strong currencies were freely convertible into gold. This, in effect, gave more certain values to those currencies and provided a basis for exchange between them. Since that time various governments have attempted to diminish the use of gold as a medium of exchange and to replace it with "paper gold" or Special Drawing Rights based on a mix of various currencies which have been devised as a gold substitute by the International Monetary Fund. During the sixty-year period following World War I, the value of non-convertible currencies has been eroded at varying rates, which appear to have accelerated following the decision of the U.S. Treasury in 1971 to no longer deliver gold against obligations to Central Banks. Following this decision, the price of the metal on world markets has risen dramatically from the U.S. fixed price of \$35 per ounce in 1971 to a high of \$197.50 per ounce on December 30, 1974. Since that date the price has fluctuated greatly but has declined gradually during 1975 to \$140 per ounce.

In the short term, upward pressure on the price of gold is exerted by monetary and political crises, which, in turn, is moderated by bulk sales and even rumours of sales. In the longer term, the price is dependent upon the success or failure of long-range monetary policies in the important world economies, of new sources of supply and will also be influenced by the trend of industrial uses. In our opinion there is little evidence of an early solution to the problem of inflation created by deficit financing in most countries and by various levels of government. If inflation continues, it may well tend to be accompanied by higher gold prices. Short term trends are more difficult to assess and their prediction is a matter of individual judgment.

Your Company suffered a great loss in the death, on March 8, 1976, of its Chairman, Mr. Clifford W. Michel. Mr. Michel had been elected a Director in 1939; appointed a Vice-President in 1940; Treasurer in 1942; President in 1943 and Chairman of the Board and chief executive officer in 1959. As a man of great vision, wisdom and integrity, he had few peers in the business of investment and finance and he gave unstintingly of his time and talent to the growth and development of the Company.

Mr. James B. Redpath, President of the Company since 1959, was appointed chief executive officer of the Company on March 12, 1975.

Mr. A. Bruce Matthews was elected Chairman of the Board on March 15, 1976. Mr. Matthews has been a Director for the past twenty-eight years.

Mr. Clifford L. Michel, a partner of the firm of Cahill Gordon & Reindel since 1972, was appointed a Director on March 15, 1976 to fill the vacancy created by the death of Mr. Clifford W. Michel.

Mr. Charles P. Girdwood retired as Vice-President and a Director on March 15, 1976, after thirty-six years of service in senior positions. His experience will continue to be available to the Company in a consulting capacity.

Mr. Malcolm A. Taschereau was appointed Senior Vice-President on April 28, 1975 and a Director on March 15, 1976. Mr. Taschereau was General Manager of Sigma Mines (Quebec) Limited for six years and served for seventeen years in other senior positions at Sigma and Campbell.

Your Directors again wish to take this opportunity to record their appreciation for the results achieved by management and staffs at the various operations and to thank all employees for their cooperative efforts throughout the year.

Respectfully submitted,

On behalf of the Board,

A. BRUCE MATTHEWS,  
Chairman.

JAMES B. REDPATH,  
President.

# Dome Mines Limited

and its subsidiaries

## ACCOUNTING POLICIES DECEMBER 31, 1975 AND 1974

The following are the principal accounting policies followed by the company and its subsidiaries:

**A. Basis of consolidation**

The consolidated financial statements include the accounts of all the subsidiary companies, Dome Exploration (Canada) Limited (wholly-owned), Campbell Red Lake Mines Limited (57% owned) and Sigma Mines (Quebec) Limited (63% owned).

**B. Basis of accounting for affiliated company**

The investment of 21.3% in Dome Petroleum Limited is accounted for on the equity method whereby the company's investment is carried at cost plus its share of undistributed earnings. The company's share of the net earnings is reflected currently in income. The excess of the cost of this investment over the underlying book value at the various dates of acquisition is attributable to Dome Petroleum's oil and gas reserves and is being amortized to income by reference to annual production in relation to the estimated recoverable reserves.

**C. Valuation of inventories**

Bullion on hand and in transit is valued at its estimated net realizable value. The method used in estimating net realizable value is:

- to value bullion sold to the date the estimate is made at actual net realizable value, and
- to value unsold bullion on this date at 85% of the closing London price.

Mining and milling supplies are valued at cost determined on an average cost basis.

**D. Valuation of other investments**

Marketable securities and other investments with a quoted market value are valued at cost. All other investments are carried at cost except for:

- (i) shares acquired as a result of development work which are carried at nominal value (the only exception being with respect to shares of Panarctic Oils Ltd., acquired for development work which, because of underlying worth as indicated by the valuation placed on changes in ownership have, since January 1, 1973, been carried at the amount expended since that date with deferred income taxes arising as a result of writing these expenditures off for income tax purposes included as a deferred credit) and,
- (ii) certain other investments which are carried at cost less amounts written off.

**E. Valuation of capital assets**

- (i) Buildings, machinery and equipment are shown at cost. Mining claims and properties are at cost less amounts written off.
- (ii) Upon sale or retirement, the cost of capital assets and the related depreciation or amortization are removed from the accounts and any gain or loss is taken into income.
- (iii) Repairs and maintenance are charged to operations; major betterments and replacements are capitalized.

**F. Depreciation and amortization**

- (i) Depreciation on buildings, machinery and equipment is provided at the rate of 15% per annum on the straight-line method.
- (ii) Mining claims and properties are being amortized at the rate of 15% per annum on the straight-line method.

**G. Mine development and exploration expenditures**

All mine development, shaft sinking, and exploration expenditures are charged against income as incurred.

**H. Income and mining taxes**

The companies follow the tax allocation method of accounting. Under this method, timing differences between the amount of income reported for tax purposes and the amount of accounting income (which arise principally as a result of claiming depreciation and exploration at rates differing from those recorded in the accounts), result in provisions for deferred taxes and these are segregated in the deferred income and mining tax account at the year-end.

# Dome Mines Limited

and its subsidiaries

## CONSOLIDATED STATEMENT OF INCOME YEARS ENDED DECEMBER 31, 1975 AND 1974

	1975	1974
<b>Bullion revenue</b> .....	\$59,014,000	\$63,332,000
<b>Operating costs:</b>		
Development .....	3,821,000	3,493,000
Mining .....	16,490,000	13,636,000
Milling .....	5,235,000	4,404,000
Refining and marketing .....	447,000	334,000
General and administrative .....	2,331,000	2,142,000
Taxes other than income and mining .....	340,000	230,000
Depreciation and amortization .....	1,153,000	920,000
	<u>29,817,000</u>	<u>25,159,000</u>
<b>Operating profit</b> .....	29,197,000	38,173,000
<b>Other income:</b>		
Dividends .....	1,550,000	1,306,000
Interest and miscellaneous income .....	3,127,000	3,471,000
	<u>33,874,000</u>	<u>42,950,000</u>
Outside exploration expenditures .....	1,588,000	1,273,000
<b>Income before taxes and other items</b> .....	<u>32,286,000</u>	<u>41,677,000</u>
<b>Income and mining taxes (note 2)</b>		
Federal income tax .....	7,912,000	9,613,000
Provincial income taxes .....	2,621,000	3,135,000
Provincial mining taxes .....	4,986,000	6,345,000
	<u>15,519,000</u>	<u>19,093,000</u>
<b>Income after taxes, before other items</b> .....	16,767,000	22,584,000
Equity in earnings of affiliated company (note 3) .....	8,451,000	5,666,000
Minority interest in net income of subsidiary companies .....	(5,805,000)	(7,271,000)
<b>Net income for the year</b> .....	<u>\$19,413,000</u>	<u>\$20,979,000</u>
<b>Net income per share</b> .....	<u>\$3.32</u>	<u>\$3.59</u>

(See accompanying notes to consolidated financial statements)

## CONSOLIDATED BALANCE SHEET

### ASSETS

	1975	1974
<b>Current assets:</b>		
Cash, including bank term deposits .....	\$ 18,013,000	\$ 16,301,000
Bullion (note 4) .....	8,292,000	10,025,000
Short-term commercial paper, at cost .....	25,359,000	23,238,000
Marketable securities (schedule attached) .....	6,372,000	6,174,000
Sundry receivables .....	1,243,000	1,383,000
Mining and milling supplies .....	4,541,000	4,168,000
	<u>63,820,000</u>	<u>61,289,000</u>
<b>Investments:</b>		
Affiliated company (note 3) .....	47,826,000	39,375,000
Other (schedule attached) .....	5,265,000	4,669,000
	<u>53,091,000</u>	<u>44,044,000</u>
<b>Capital assets:</b>		
Buildings, machinery and equipment .....	24,723,000	22,873,000
Less accumulated depreciation .....	19,950,000	19,002,000
	4,773,000	3,871,000
Mining claims and properties (note 5) .....	522,000	618,000
	<u>5,295,000</u>	<u>4,489,000</u>
	<u>\$122,206,000</u>	<u>\$109,822,000</u>

(See accompanying notes)

AUDITOR

To the Shareholders of  
Dome Mines Limited:

We have examined the consolidated balance sheet of Dome Mines Limited and its subsidiaries as at December 31, 1975 and 1974 and the consolidated statements of income, retained earnings and changes in financial position for the years then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

# LIMITED

subsidiaries  
(In accordance with the laws of Canada)

DECEMBER 31, 1975 AND 1974

## LIABILITIES

	1975	1974
<b>Current liabilities:</b>		
Salaries and wages payable .....	\$ 1,095,000	\$ 884,000
Accounts payable .....	1,160,000	1,224,000
Accrued charges .....	581,000	464,000
Accrued taxes (note 2) .....	5,198,000	8,808,000
Dividends payable .....	2,451,000	4,479,000
	<u>10,485,000</u>	<u>15,859,000</u>
<b>Deferred income and mining taxes .....</b>	<u>522,000</u>	<u>358,000</u>
<b>Minority interest in subsidiary companies .....</b>	<u>18,176,000</u>	<u>14,739,000</u>
<b>Shareholders' equity:</b>		
Capital —		
Authorized:		
10,000,000 shares of no nominal or par value		
Issued:		
5,840,004 shares .....	7,000,000	7,000,000
Contributed surplus .....	3,606,000	3,606,000
Retained earnings .....	82,417,000	68,260,000
	<u>93,023,000</u>	<u>78,866,000</u>
On behalf of the Board:		
J. B. REDPATH, Director	<u>\$122,206,000</u>	<u>\$109,822,000</u>
F. M. FELL, Director		

(Consolidated financial statements)

REPORT

In our opinion these consolidated financial statements present fairly the financial position of Dome Mines Limited and its subsidiaries as at December 31, 1975 and 1974 and the results of their operations and the changes in their financial position for the years then ended, in accordance with generally accepted accounting principles applied on a consistent basis during the period.

Toronto, Canada,  
February 17, 1976.

CLARKSON, GORDON & CO.,  
Chartered Accountants

# Dome Mines Limited

and its subsidiaries

## CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION YEARS ENDED DECEMBER 31, 1975 AND 1974

	1975	1974
<b>Source of working capital:</b>		
Operations —		
Net income for the year .....	\$19,413,000	\$20,979,000
Items not affecting working capital:		
Depreciation and amortization .....	1,153,000	920,000
Increase in deferred income taxes .....	164,000	25,000
Equity in undistributed earnings of affiliated company (note 3) ..	(8,451,000)	(5,666,000)
Minority interest in income of subsidiaries less dividends paid ....	3,437,000	4,265,000
<b>Total .....</b>	<b>15,716,000</b>	<b>20,523,000</b>
<b>Disposition of working capital:</b>		
Dividends .....	5,256,000	5,548,000
Expenditures on capital assets (net) .....	1,928,000	1,481,000
Purchase of shares of affiliated company .....		2,144,000
Increase in other investments .....	596,000	3,148,000
Purchase of mining claims and properties .....	31,000	97,000
<b>Total .....</b>	<b>7,811,000</b>	<b>12,418,000</b>
<b>Net increase in working capital for the year .....</b>	<b>\$ 7,905,000</b>	<b>\$ 8,105,000</b>
<b>Changes in components of working capital:</b>		
Increase (decrease) in current assets —		
Cash and bank term deposits .....	\$ 1,712,000	\$ 6,243,000
Bullion .....	(1,733,000)	3,605,000
Short-term commercial paper .....	2,121,000	3,074,000
Marketable securities .....	198,000	1,114,000
Sundry receivables .....	(140,000)	650,000
Mining and milling supplies .....	373,000	1,651,000
	<b>2,531,000</b>	<b>16,337,000</b>
Increase (decrease) in current liabilities —		
Salaries and wages payable .....	211,000	215,000
Accounts payable .....	(64,000)	467,000
Accrued charges .....	117,000	122,000
Accrued taxes .....	(3,610,000)	4,997,000
Dividends payable .....	(2,028,000)	2,431,000
	<b>(5,374,000)</b>	<b>8,232,000</b>
<b>Net increase in working capital for the year .....</b>	<b>7,905,000</b>	<b>8,105,000</b>
<b>Working capital, beginning of the year .....</b>	<b>45,430,000</b>	<b>37,325,000</b>
<b>Working capital, end of the year .....</b>	<b>\$53,335,000</b>	<b>\$45,430,000</b>

(See accompanying notes to consolidated financial statements)

# Dome Mines Limited

and its subsidiaries

## CONSOLIDATED SCHEDULE OF MARKETABLE SECURITIES AND OTHER INVESTMENTS DECEMBER 31, 1975 AND 1974

	1975		1974	
	<u>Book value</u>	<u>Market value</u>	<u>Book value</u>	<u>Market value</u>
<b>Marketable securities:</b>				
Government and government guaranteed				
short-term securities .....	\$2,177,000	\$ 2,108,000	\$1,979,000	\$ 1,987,000
Corporate bonds .....	1,099,000	1,048,000	1,099,000	1,030,000
Common shares .....	3,096,000	4,386,000	3,096,000	4,556,000
	<u>\$6,372,000</u>	<u>\$ 7,542,000</u>	<u>\$6,174,000</u>	<u>\$ 7,573,000</u>
<b>Other investments:</b>				
With a quoted market value —				
Canada Tungsten Mining				
Corporation Limited:				
Shares (1975 — 937,805;				
1974 — 906,355) .....	\$ 593,000	\$ 2,626,000	\$ 498,000	\$ 2,266,000
Mattagami Lake Mines				
Limited:				
Shares (1975 — 1,000,000;				
1974 — 994,600) .....	3,573,000	14,625,000	3,501,000	12,805,000
With no quoted market value —				
Panarctic Oils Ltd.:				
Common shares, no par value				
(1975 — 518,322;				
1974 — 498,070) .....	904,000		515,000	
Sundry .....	<u>195,000</u>		<u>155,000</u>	
	<u>\$5,265,000</u>		<u>\$4,669,000</u>	

(See accompanying notes to consolidated financial statements)

# Dome Mines Limited

and its subsidiaries

## CONSOLIDATED STATEMENT OF RETAINED EARNINGS YEARS ENDED DECEMBER 31, 1975 AND 1974

	1975	1974
Balance, beginning of the year .....	\$68,260,000	\$52,829,000
Net income for the year .....	19,413,000	20,979,000
	87,673,000	73,808,000
Deduct dividends (1975 — \$0.90 per share; 1974 — \$0.95 per share) .....	5,256,000	5,548,000
Balance, end of the year .....	\$82,417,000	\$68,260,000

(See accompanying notes to consolidated financial statements)

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 1975 AND 1974

### 1. Accounting policies

Principal accounting policies —

The principal accounting policies followed by the company and its subsidiaries are summarized under the caption "Accounting Policies".

### 2. Income and mining taxes

(a) The provision for income and mining taxes consists of:

	1975		1974	
	Current	Deferred	Current	Deferred
Federal income tax .....	\$ 7,798,000	\$114,000	\$ 9,594,000	\$19,000
Provincial income taxes .....	2,571,000	50,000	3,129,000	6,000
Provincial mining taxes and duties .....	4,986,000		6,345,000	
	<u>\$15,355,000</u>	<u>\$164,000</u>	<u>\$19,068,000</u>	<u>\$25,000</u>

(b) Income and mining taxes for 1975 are provided at a combined federal and provincial effective rate of 48.0%, an increase of 2.2% over 1974. The difference between the combined federal and provincial basic statutory rates and that used in calculating the provision for income and mining taxes, is made up as follows:

	1975	1974
<b>Income taxes:</b>		
Basic statutory rate (combined) .....	52.0%	50.0%
Less: Federal depletion (other than earned) .....		5.0
Federal "earned depletion" .....	.6	1.1
Provincial depletion .....	3.4	2.6
Exempt income* .....	2.5	1.4
Mining tax .....	.1	2.3
Resource tax abatement .....	12.3	7.5
Sundry .....	.5	(.5)
	<u>19.4</u>	<u>19.4</u>
Effective rate .....	32.6	30.6

**Mining taxes:**

Average rate .....	15.4	15.2
Total income and mining tax rate used .....	<u>48.0%</u>	<u>45.8%</u>

\* Principally dividends from Canadian corporations.

**3. Summary of investment in Dome Petroleum**

	1975	1974
Cost of acquisition .....	\$20,351,000	\$20,351,000
Equity in undistributed earnings .....	27,475,000	19,024,000
	<u>\$47,826,000</u>	<u>\$39,375,000</u>
Market value (which is not necessarily indicative of realizable value) .....	<u>\$82,200,000</u>	<u>\$42,300,000</u>
Number of shares .....	<u>2,400,000</u>	<u>2,400,000</u>

The unamortized excess of cost of investment over the underlying book value at the various dates of acquisition was: 1975 — \$8,853,000; 1974 — \$9,177,000.

**4. Bullion**

Bullion on hand and in transit is valued at the net estimated realizable value at the year-end (1975 — \$126 per ounce; 1974 — \$165 per ounce).

**5. Mining claims and properties**

The amounts shown for mining claims and properties are made up as follows:

	1975	1974
Dome Mines Limited —		
Mining claims and properties, at nominal value .....	\$ —	\$ —
Sigma Mines (Quebec) Limited —		
Mining claims and properties, at nominal value .....	—	
Leasehold properties, at cost .....	40,000	
	40,000	
Less accumulated amortization .....	9,000	15,000
Campbell Red Lake Mines Limited —		
Mining claims and properties, acquired for 1,277,500 shares issued at .....	198,000	
Mining claims acquired for cash .....	82,000	
Townsite land, at cost .....	154,000	
Excess of cost of Dome's investment in shares of Campbell over underlying book value at date of acquisition .....	404,000	
	838,000	
Less accumulated amortization .....	347,000	603,000
	<u>\$522,000</u>	<u>\$618,000</u>

**6. Development**

Development costs include shaft sinking expenditures of (1975 — nil; 1974 — \$121,000).

**7. Directors and officers**

The aggregate remuneration of the directors and officers of Dome Mines Limited as defined in Section 122.2 of the Canada Corporations Act was as follows:

	1975	1974
To the ten directors (nine in 1974), as directors .....	\$ 25,000	\$ 19,000
To the eleven officers (four of whom are also directors), as officers .....	\$291,000*	\$234,000*

\* Includes \$77,000 (\$42,000 in 1974) received by the officers from the wholly and partially-owned subsidiaries.

**8. Anti-Inflation Program**

Effective October 14, 1975 the federal government passed the Anti-Inflation Act and subsequently issued Regulations which are presently scheduled to be in force until December 31, 1978. Under this legislation Dome Mines is subject to mandatory compliance with controls on profit margins, employee compensation and shareholder dividends. Dividends to the company's common shareholders during the year ending October 13, 1976 may not exceed \$0.95 per share.

# Dome Mines Limited

and its subsidiaries

## SCHEDULE OF SUPPLEMENTARY INFORMATION

(in thousands)

	December 31, 1975				December 31, 1974			
	Dome Mines Limited	Campbell Red Lake Mines Limited	Sigma Mines (Quebec) Limited	Consolidated Dome Mines Limited	Dome Mines Limited	Campbell Red Lake Mines Limited	Sigma Mines (Quebec) Limited	Consolidated Dome Mines Limited
Dome's % ownership .....		57%	63%			57%	63%	
<b>Bullion revenue</b> .....	\$18,243	\$29,467	\$11,304	\$59,014	\$19,579	\$31,895	\$11,858	\$63,332
<b>Operating expenses –</b>								
Operating costs .....	13,833	7,410	7,421	28,664	11,741	5,899	6,599	24,239
Provision for depreciation and amor- tization .....	367	673	113	1,153	285	543	92	920
	14,200	8,083	7,534	29,817	12,026	6,442	6,691	25,159
Operating profit .....	4,043	21,384	3,770	29,197	7,553	25,453	5,167	38,173
Other income .....	2,471	1,847	359	4,677	2,610	1,767	400	4,777
	6,514	23,231	4,129	33,874	10,163	27,220	5,567	42,950
Outside exploration expenses .....	931	530	127	1,588	785	378	110	1,273
	5,583	22,701	4,002	32,286	9,378	26,842	5,457	41,677
<b>Provision for income and mining taxes –</b>								
Federal income tax .....	1,059	5,820	1,033	7,912	1,993	6,305	1,315	9,613
Provincial income taxes .....	386	1,910	325	2,621	687	2,081	367	3,135
Provincial mining taxes .....	615	3,910	461	4,986	1,170	4,485	690	6,345
	2,060	11,640	1,819	15,519	3,850	12,871	2,372	19,093
	3,523	11,061	2,183	16,767	5,528	13,971	3,085	22,584
Equity in earnings of affiliated company .....	7,992	305	154	8,451	5,447	147	72	5,666
<b>Net income</b> .....	11,515	11,366	2,337	25,218	10,975	14,118	3,157	28,250
Minority interest in net income of subsidiaries .....		(4,926)	(879)	(5,805)		(6,093)	(1,178)	(7,271)
<b>Equity of Dome in net income</b> .....	\$11,515	\$ 6,440	\$ 1,458	\$19,413	\$10,975	\$ 8,025	\$ 1,979	\$20,979
<b>Amount per share of Dome Mines Limited</b> .....	\$1.97	\$1.10	\$0.25	\$3.32	\$1.88	\$1.37	\$0.34	\$3.59
<b>Working capital:</b>								
Current assets .....	\$21,849	\$33,997	\$ 7,974	\$63,820	\$21,566	\$31,454	\$ 8,269	\$61,289
Current liabilities .....	3,815	5,768	902	10,485	5,589	7,979	2,291	15,859
	\$18,034	\$28,229	\$ 7,072	\$53,335	\$15,977	\$23,475	\$ 5,978	\$45,430
<b>Production:</b>								
Tons milled .....	708	300	497		702	290	498	
Gold-fine ounces .....	117	185	73		121	197	73	

185  
73  
375,000

197  
73  
391

REPORT OF THE MANAGER  
of  
**Dome Mines Limited**  
on  
**OPERATIONS AT SOUTH PORCUPINE, ONTARIO**

To the Chairman of the Board, President, and Directors:

I submit for your consideration this report on the operations of your Company for the year 1975.

During the year 708,000 tons of ore were treated in the mill. In the course of mining operations 30,200 tons of waste rock were excavated, most of which was used as backfill, road maintenance or placed on surface stock piles.

The 708,000 tons of ore milled yielded 117,089 ounces of gold, the yield being 0.1654 ounces or 3.31 dwt. per ton.

All grades of ore will be expressed in pennyweights (dwt.) throughout this report. One pennyweight equals one-twentieth (1/20th) of an ounce Troy weight. All production was sold on the free market. The price received for gold varied from a low of \$135.58 per ounce to a high of \$185.01 per ounce in Canadian dollars at the exchange rate in effect at the time of each sale. The average price received for gold sold in 1975 was \$161.93 (Canadian) per ounce. This compares with the average price per ounce of \$152.57 received in 1974.

**COSTS:**

The expenditure on development was \$1,532,498 or \$2.17 per ton as compared with \$1,447,263 or \$2.06 per ton milled in 1974.

The expenditure on mining was \$8,789,118 or \$12.42 per ton as compared with \$7,320,247 or \$10.44 per ton milled in 1974.

The total operating charges for the year were \$13,833,717 or \$19.54 per ton as compared with \$11,741,460 or \$16.74 per ton milled in 1974.

The operating cost per ounce of gold produced was \$118.15 as compared with \$97.01 in 1974.

**DEVELOPMENT:**

**SUMMARY OF DEVELOPMENT FOOTAGE BY LEVELS FOR THE YEAR 1975**

Level	Drifts	Crosscuts	Drift and Crosscut Slab	Raises	Boxholes	Raise and Boxhole Slab	Totals	Diamond Drilling (Exploration and Direction of Mining)
Surface .....								
1st .....								2,068
3rd .....								1,817
5th .....								
6th .....								
7th .....	30	30	74	16			150	2,395
8th .....					59	27	86	
9th .....	246	78	183	156		12	675	5,767
10th .....				394		54	448	818
11th .....	197		27				224	11,432
12th .....	139		7	93		5	244	3,885
13th .....	756	99	69	182	217	94	1,417	10,864
14th .....	26		19				45	127
15th .....	52		3			30	85	
16th .....	107	174	130	140			551	2,234
17th .....	246	204	170	36	117	44	817	3,953
18th .....	159	230	139	388	139	41	1,096	3,402
19th .....				178		33	211	
20th .....								1,257
21st .....	103			36		19	158	1,823
22nd .....								1,440
23rd .....	100	68	29				197	
24th .....	469	102	239				810	3,311
25th .....				206	53	50	309	4,141
26th .....	234	80	40	62	222	75	713	3,213
27th .....	284		9	68		13	374	4,316
<b>TOTALS .....</b>	<b>3,148</b>	<b>1,065</b>	<b>1,138</b>	<b>1,955</b>	<b>807</b>	<b>497</b>	<b>8,610</b>	<b>68,263</b>

## DOME MINES LIMITED

Development work amounted to 8,610 feet as compared with 12,427 feet in the previous year. The number of crews regularly employed in development work has remained unchanged for the last three years. The footages achieved in 1973 and 1975 are comparable; the 1974 footage was greater due to the use of temporary drift crews for work essential to orderly mining.

There was no development below the 27th level; development work below the 16th level was 4,685 feet as compared with 8,673 feet in the previous year.

No surface diamond drilling was done in 1975 and the total of 68,263 feet of underground core diamond drilling compares with 86,176 feet in 1974 (10,650 feet of which was done from surface).

### MINING:

The 708,000 tons of ore milled during the year were produced as follows:

	Tons	Average Grade Dwt. per Ton
From stopes .....	681,900	3.45
From development .....	<u>26,100</u>	<u>2.03</u>
	<u>708,000</u>	<u>3.40</u>

The following tabulation is presented to indicate the sections of the mine from which the ore came:

Source of Ore	Tons	Average Grade Dwt. per Ton	
8th level to surface, No. 3 shaft .....	9,173	8.26	Dev. & Stope Ore
9th level to 16th level, No. 3 shaft .....	363,827	3.23	Dev. & Stope Ore
Area serviced by No. 6 internal shaft .....	335,000	3.45	Dev. & Stope Ore
Total Mine .....	<u>708,000</u>	<u>3.40</u>	Dev. & Stope Ore
Ore from Ankerite veins .....	<u>30,516</u>	<u>3.70</u>	Dev. & Stope Ore
(included in the above)			

### ORE RESERVES:

Ore reserves at the close of the year were estimated at 1,933,000 tons with an average grade of 4.52 dwt. as compared with 1,871,000 tons with an average grade of 4.81 dwt. for 1974 and 1,691,000 tons with an average grade of 5.09 dwt. for 1973.

	Tons-1975	Tons-1974	Tons-1973
Unbroken ore .....	1,754,000	1,743,000	1,587,000
Broken ore .....	<u>179,000</u>	<u>128,000</u>	<u>104,000</u>
	<u>1,933,000</u>	<u>1,871,000</u>	<u>1,691,000</u>

The modest increase in reserve tonnage, after having milled 708,000 tons in 1975, results primarily from the inclusion of low-grade ore in extensions to existing long-hole stopes and other ore zones suitable for long-hole stoping. The inclusion of this ore has increased the reserve tonnage by 62,000 tons or 3.3% and reduced the reserve grade by 6.0% to 4.52 dwt. per ton.

### MILL:

Following are the milling results:

Tons of ore treated .....	708,000 tons
Average tons per working day .....	1,983 tons
Average grade of ore treated .....	3.40 dwt. per ton
Recovery .....	3.31 dwt. per ton
Recovery percentage .....	97.28%

### CAPITAL EXPENDITURES:

The details of changes in plant buildings and equipment are as follows:

Mine equipment .....	\$210,660
Reduction buildings and equipment .....	205,496
Surface buildings and equipment .....	<u>203,223</u>
	\$619,379
Net book value of retirements .....	<u>1,981</u>
Net increase .....	<u>\$617,398</u>

**GENERAL:**

Although the price received for gold sold in the last four months of 1975 was down sharply from the first eight months of the year, the average price for 1975 at \$161.93 was 6.1% higher than the comparative figure for 1974. The one percent increase in tons milled was more than offset by a 4.76% reduction in millhead grade resulting in the production of 3.3% fewer ounces in 1975 compared with the previous year. The operating cost per ton milled and per ounce produced were both adversely affected by continuing substantial increases in wages, material and services; the result is an increase in cost per ton of 16.7% to \$19.54 and in cost per ounce of 21.8% to \$118.15 when compared with the previous year. The net effect of the above factors, after depreciation and amortization, is a 46.5% decrease in the operating profit from \$7,554,000 in 1974 to \$4,043,000 in 1975.

The following tabulation of Source of Ore illustrates the relative importance of the various mining methods used:

Source of Ore	Tonnage and (% of total)									
	1975	(%)	1974	(%)	1973	(%)	1972	(%)	1971	(%)
Stoping:										
Cut-and-fill .....	296,000	41.8	294,200	41.9	322,500	47.3	361,600	57.4	368,800	56.0
Shrinkage .....	22,900	3.2	28,200	4.0	57,600	8.4	32,100	5.1	42,100	6.4
Long-hole .....	363,000	51.3	316,800	45.2	268,900	39.4	199,900	31.7	194,800	29.6
Development .....	26,100	3.7	62,400	8.9	33,200	4.9	36,200	5.8	52,300	8.0
Totals .....	<u>708,000</u>	<u>100.0</u>	<u>701,600</u>	<u>100.0</u>	<u>682,200</u>	<u>100.0</u>	<u>629,800</u>	<u>100.0</u>	<u>658,000</u>	<u>100.0</u>

The amount of ore mined from long-hole stopes increased a further 6% in 1975 over 1974 to 51.3% of mill throughput. Two additional pieces of load-haul-dump equipment were purchased to load these extra tons of long-hole stope ore.

Experimental work on the mining of narrow vein ore by mechanized methods is in progress; success in these experiments would make available significant tonnages that are prohibitive with our present shortage of skilled miners.

The shortage of miners and tradesmen, mentioned in recent Annual Reports, continues unchanged and the local demand for these people may well accelerate due to the expansion of base metal operations. Our two government-assisted training programs are vital to a continuing supply of miners.

During the year the mill operated at capacity; percentage recovery increased 0.64% to 97.28% notwithstanding a 4.76% decrease in grade.

The table on the page immediately following sets out expenditures of the Company and location of suppliers illustrating the direct and indirect effect that the Mining and Mineral Industry in general, and Dome Mines in particular, have on the livelihood of many Canadians.

The year under review was successful due in large measure to the co-operation, support and efficiency of the heads of departments and their staffs, together with the loyal service of employees. I acknowledge also the support and helpful counsel of the Chairman of the Board, the President, the Vice-Presidents and the Directors.

Respectfully submitted,

HARRY V. PYKE,  
Manager.

South Porcupine, Ontario,  
February 23, 1976.

**LIST OF EXPENDITURES OF THE COMPANY  
AND THE LOCATION OF THE VARIOUS SUPPLIERS**

Total amount of wages and salaries .....	\$8,312,000	
Income taxes .....	1,445,000	
Other taxes (Provincial and Municipal) .....	783,000	
Workmen's Compensation Board of Ontario Assessments .....	1,005,000	
Unemployment Insurance .....	137,000	
Cost of Dome and Canada Pension Plans, Group Life Insurance, Sick Pay, Medical Plan and other employee benefits .....	716,000	
Total Equipment, Supplies and Services:		
Mine Equipment, Supplies and Services .....	\$1,845,000	
Mill Equipment, Supplies and Services .....	697,000	
Electric Power .....	480,000	
General Surface Equipment, Supplies and Services .....	2,591,000	
Natural Gas Heating .....	90,000	5,703,000

**Principal Cities and Towns in Canada which Benefit**

Acton	Fort Frances	New Glasgow	Sault Ste. Marie
Agincourt	Fredericton	Newmarket	Scarborough
Ajax		Niagara Falls	Schumacher
Arnprior	Gananoque	Noranda	Senneterre
Ayers Cliff	Gimli	North Bay	Serpent Harbour
	Granby	North Vancouver	Sioux Lookout
Balmertown	Grimsby	Notre Dame Du Nord	South Porcupine
Barrie	Guelph		Stratford
Belleville		Oakville	Sudbury
Bramalea	Haileybury	Orillia	Sydney
Brampton	Halifax	Oshawa	
Brandon	Hamilton	Ottawa	
Brockville	Holtyre	Owen Sound	The Pas
Burlington			Thornbury
	Ignace	Pickering	Thornhill
Calgary	Islington	Pickle Lake	Thunder Bay
Cambridge		Plessisville	Tillsonburg
Campbellford	Joliette	Pointe Claire	Timmins
Chaput-Hughes		Port Burwell	Toronto
Clarkson	Kamloops	Port Credit	Trois Rivières
Cobalt	Kenora	Port Elgin	
Cochrane	King City	Port Hope	Val d'Or
Concord	Kirkland Lake	Prescott	Val Gagne
Connaught	Kitchener	Prince George	Vancouver
Copper Cliff			Victoria
	Lachine	Quebec	Ville St. Laurent
Don Mills	Lachute		
Dorval	LaSalle		Waterloo
Downsview	LaSarre	Red Lake	Watson Lake
Dryden	Leaside	Regina	Werner Lake
Dundas	Lindsay	Renfrew	West Hill
Dunnville	London	Rexdale	Weston
		Richmond Hill	Westmount
Edmonton	Malton	Rouyn	Whitby
Elliot Lake	Markham	Roxboro	Whitehorse
Etobicoke	Matagami		Willowdale
	Matheson	Sainte-Foy	Windsor
Farnham	Missanabie	St. Boniface	Winnipeg
Flin Flon	Mississauga	St. Catharines	
Fort Erie	Montreal	St. Jean	Yellowknife

**Number of Communities, Companies and Individuals through whom Supplies and Services are purchased**

	Communities	Companies and Individuals
Alberta .....	2	2
British Columbia .....	5	12
Manitoba .....	6	18
New Brunswick .....	1	2
Northwest Territories .....	2	2
Nova Scotia .....	3	4
Ontario .....	92	635
Quebec .....	23	81
Saskatchewan .....	1	1
Yukon Territory .....	2	2
Great Britain .....	3	3
United States of America .....	16	19
	<u>156</u>	<u>781</u>

# Dome Exploration (Canada) Limited

(Incorporated under the laws of Canada)

## REPORT OF THE VICE-PRESIDENT

Toronto, Ontario  
February 10, 1976

To the Chairman of the Board, President and Directors of  
Dome Mines Limited:

The following report outlines briefly some of the major exploration projects undertaken by Dome Exploration (Canada) Limited during 1975. Unless otherwise noted, each of these programs is shared on the following basis:

Dome Mines Limited .....	40%
Dome Petroleum Limited .....	33%
Campbell Red Lake Mines Limited .....	21%
Sigma Mines (Quebec) Limited .....	6%

In the case of joint ventures with outside partners, the term "Dome Group" followed by a percentage figure indicates the amount of collective participation of the above companies.

The 1975 exploration program, Dome's largest to date, involved forty-six major projects, all of which were managed and financed by your Group. In addition, your Group participated in twenty exploration ventures with others.

The above program included fifteen new projects and fifty-one which were carried over from 1974. Many of the 1975 projects will be continued in 1976.

During 1975, on projects managed and financed solely by your Group, 118 exploration diamond drill holes were completed, 1,175 claims were staked, 35 claims were optioned and ground geophysical surveys were carried out on 23 projects. Airborne geophysical surveys were carried out over areas in Ontario, Quebec and Manitoba for a total of 3,555 line miles.

### QUEBEC:

During 1975, detailed exploration was carried out on thirty-three major projects which involved extensive ground geophysical surveys, and ninety-seven drill holes.

The foregoing included a continuing program of systematic drilling on an optioned gold prospect in the Val d'Or area and also continuing detailed exploration of a base-metal prospect in the Abitibi area.

In addition to those properties on which detailed exploration was carried out, several new major projects were started. The latter involved the acquisition of several claim groups upon which detailed exploration will be carried out in 1976.

One of the new ventures involved an airborne radiometric survey, totalling approximately 1,600 line miles, in northern Quebec. Three claim groups, totalling 468 claims, were staked to cover indications of radioactivity.

Your Group (50%) with an outside partner obtained an exploration permit covering approximately thirty-two square miles near which there are known copper and uranium occurrences. Exploration on this permit will be started in 1976.

Mining operations on the property of Clinton Copper Mines Ltd. (Dome Group, excluding Dome Petroleum, approximately 39%) were terminated during the year as was forecast in the 1974 Annual Report. At year-end, some concentrate remained unsold. Copper prices during the year were even lower than had been anticipated in 1974.

### ONTARIO:

During 1974, drilling programs were carried out on three projects, geophysics preparatory to drilling on five projects, staking on two projects and a major airborne geophysical survey program in a promising area of deep overburden.

The drilling programs mentioned above included the completion of one started in 1974 and the beginning of two new programs — one on an optioned gold prospect and the other on nearby claims which were staked to cover airborne geophysical indications.

A group of sixty-two claims was staked in northeastern Ontario to cover an area of interest where copper-zinc showings are known to occur but which has never been thoroughly explored.

An airborne geophysical survey, involving 1,100 line miles, was completed on an overburden-covered, geologically-favourable belt where only limited exploration had previously been done. A number of complex conductive systems was found and staked. Ground geophysical surveys were started on these and it is anticipated that the surveys will be completed and drilling carried out during 1976.

As a result of a prospecting discovery made in previous years, detailed geophysics, geology and geochemistry were carried out on a gold prospect which will be drilled in 1976.

Exploration was started on the optioned property of Lennie Red Lake Gold Mines Limited, an adjacent optioned claim group and in addition on a group staked by Campbell. Under the agreement with Dome and subsidiary companies, as these properties are contiguous and adjacent to Campbell, this exploration is solely for Campbell's account. Dome of course benefits indirectly through its 57% ownership of Campbell.

**MANITOBA:**

Your Group, in a joint venture with the Government of Manitoba, completed a drilling program on a gold prospect in northern Manitoba. This involved fourteen holes for a total of 4,866 feet.

An airborne radiometric survey totalling 840 line miles was carried out and led to the staking of seventy-eight claims, in three groups, to cover radioactive indications.

**NORTHWEST TERRITORIES:**

A small claim block in the Barren Lands, which was staked in 1974, was optioned to another company.

**WESTERN CANADA:**

During 1974, your Group participated in three joint ventures in British Columbia and also carried out exploration on two smaller projects.

In the Yukon Territory, your Group participated in two joint ventures. Each of these will continue in 1976.

**ALASKA:**

Your Group, during the year, participated with outside partners (Dome Group, 33-1/3%) in a continuing exploration program in Alaska. During 1976, further exploration will be carried out on various prospects which resulted from this program.

Dome Mines Limited has a 33-1/3% interest in a continuing regional prospecting program in Alaska. Several interesting prospects found in 1975 and preceding years will be further explored in 1976.

**GENERAL:**

Your Group continued its participation (approximately 4%) in an international consortium to investigate methods of recovering metal-bearing nodules from the deep-ocean floor.

Your Group participated in a number of prospecting ventures in various parts of Canada.

In addition to the foregoing, 160 other proposals were considered.

Yours faithfully,

G. S. W. Bruce,  
Vice-President.

FIVE-YEAR CONSOLIDATED REVIEW

	1975	1974	1973	1972	1971
<b>Production:</b>					
Tons milled/fine ounces (in thousands) —					
Dome Mines Limited .....	708/117	702/121	682/149	630/146	658/170
Campbell Red Lake Mines Limited .....	300/185	290/197	304/196	303/197	303/196
Sigma Mines (Quebec) Limited .....	497/73	498/73	521/78	520/86	510/90
Recovery value per ton —					
Dome Mines Limited .....	\$ 25.77	\$ 27.89	\$ 22.73	\$ 14.08	\$ 9.18
Campbell Red Lake Mines Limited .....	98.37	109.98	65.41	38.31	27.21
Sigma Mines (Quebec) Limited .....	22.73	23.81	15.61	9.72	6.48
Number of employees at year-end .....	1,455	1,447	1,369	1,354	1,409
<b>Financial</b> (in thousands; except per share):					
Bullion revenue .....	\$ 59,014	\$ 63,332	\$ 43,508	\$ 25,514	\$ 17,589
Operating expenses .....	29,817	25,159	19,869	15,965	15,401
Deduct emergency gold mining assistance .....					2,278
	29,817	25,159	19,869	15,965	13,123
Operating profit .....	29,197	38,173	23,639	9,549	4,466
Interest income from affiliate .....			314	750	750
Other income .....	4,677	4,777	2,681	1,928	2,024
	33,874	42,950	26,634	12,227	7,240
Deduct outside exploration expenditures .....	1,588	1,273	1,147	937	749
	32,286	41,677	25,487	11,290	6,491
Provision for taxes*** .....	15,519	19,093	9,795	3,738	1,780
	16,767	22,584	15,692	7,552	4,711
Equity in earnings of affiliate* .....	8,451	5,666	2,587	1,406	1,105
Deduct minority interest .....	(5,805)	(7,271)	(4,516)	(2,271)	(1,260)
Income before extraordinary items .....	19,413	20,979	13,763	6,687	4,556
Extraordinary items .....				185	73
Net income for the year .....	\$ 19,413	\$ 20,979	\$ 13,763	\$ 6,872	\$ 4,629
Dividends declared .....	\$ 5,256	\$ 5,548	\$ 3,017	\$ 1,947	\$ 1,557
<b>Per share:**</b>					
Income before extraordinary items .....	\$ 3.32	\$ 3.59	\$ 2.36	\$ 1.14	\$ 0.78
Net income for the year .....	3.32	3.59	2.36	1.18	0.79
Dividends .....	0.90	0.95	0.52	0.33	0.27
Working capital at year-end .....	53,335	45,430	37,325	27,256	22,829
Total shareholders' equity at year-end .....	93,023	78,866	63,435	52,689	46,245
Total assets at year-end .....	122,206	109,822	81,869	64,194	55,214
<b>Number of shareholders at year-end .....</b>	<b>7,938</b>	<b>7,768</b>	<b>6,206</b>	<b>5,673</b>	<b>5,856</b>

\* Restated to reflect the adoption of the equity method of accounting for the companies' investment in Dome Petroleum Limited after making a provision for deferred income taxes related to both tangible and intangible assets.

\*\* Restated to reflect the 3 for 1 stock split May 10, 1974.

\*\*\* Provision for taxes has been restated to include provincial mining taxes previously included in operating expenses.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FIVE-YEAR CONSOLIDATED REVIEW

As was stated in the Company's 1974 Annual Report "The year 1971 was eventful for gold. In the free market its price trended upward from the \$37-\$38 per ounce range early in the year to nearly \$44 by mid-August when the United States closed its 'gold window', suspending the convertibility of dollar claims into gold at \$35 per ounce." In May 1972 the U.S. Congress passed legislation which raised the official price to \$38 but did not restore the convertibility. The official price was again changed in February, 1973 to \$42.22 per ounce. These moves did little to restore public confidence in the dollar and the price of gold on the free markets of the world continued to escalate, reaching an all-time high of \$197.50 per ounce on the London Exchange the morning of December 30, 1974. Since that date, attempts to stabilize major world currencies have met with partial success and these, coupled with the strengthening of the U.S. economy, sales of gold from official U.S. reserves and planned sales from reserves of the International Monetary Fund, have been reflected in a decline in the free market price of gold. During the last quarter of 1975 the London price averaged approximately \$140 (U.S.) per ounce.

During the period under review, gold production was gradually decreased as a result of the coming-on-stream of planned lower grade ore made economic by the high prices for gold. Consolidated bullion revenue increased in each year through 1974, but declined in 1975 by 6.8% to \$59,014,000 even though the average price received on all gold sales during the year at \$161.85 per ounce was marginally higher than the \$154.68 per ounce received in 1974.

Operating costs during the five-year period escalated at an unprecedented rate, rising nearly 100% from \$15,401,000 in 1971 to \$29,816,000 in 1975. Substantial wage and salary increases, necessary to retain competent staff, were implemented and these were accompanied by similar increases in the costs of all supplies and services.

The Company and its subsidiary Sigma Mines (Quebec) Limited both received benefits under the Emergency Gold Mining Assistance Act from the start of the program in 1948 until 1971, when the increased price of gold made it more advantageous to sell all production on the free market. In 1971 this assistance amounted to \$2,278,000.

Income and mining taxes increased proportionately to the increase in earnings from 1971 to 1973. However, changes in both federal and provincial legislation in 1974 have resulted in significantly higher effective rates of taxation.

The combined effects of the above were not enough to offset the higher income from sales of gold bullion, income from investments and equity in Dome Petroleum and net income increased by more than 4 times from \$4,629,000 in 1971 to \$20,979,000 in 1974 before declining to \$19,413,000 in 1975. Net income in each of the four years, 1972-1975 inclusive, was higher than in any other year in the history of the Company.

On October 14, 1975, the Canadian Government announced the introduction of wage and price controls which have been implemented under the Anti-Inflation Act and Regulations. The Company and its subsidiaries are subject to the Act. In management's opinion, the regulations governing maximum allowable profits will not adversely affect the Company unless substantially higher gold prices were to result in higher profits per ounce than were realized during the financial year ended December 31, 1974. However, as a result of restraints applicable to the payment of dividends, total dividends declared by the Company during the year 1975 were limited to 90¢ per share as compared to 95¢ per share in 1974.

The Company has complied with or is in the process of complying with environmental requirements applicable to its respective mining operations. For many years an on-going program of revegetation of mill tailings has been carried out.

A wide range of prospecting and exploration programs are carried out by Dome Exploration (Canada) Limited, a wholly-owned subsidiary of the Company, on behalf of the Company as to 40%, Dome Petroleum as to 33%, Campbell as to 21% and Sigma as to 6%, under an agreement between those parties dated January 1, 1969. Expenditures in this regard, on a consolidated basis, have increased from \$749,000 in 1971 to \$1,588,000 in 1975. In addition, the Company, Campbell and Sigma participate directly in Panarctic Oils Ltd., a consortium of the Government of Canada and a group of petroleum and mining companies engaged in the search for oil and gas in the Canadian Arctic. To the end of 1975, total expenditures by the three companies amounted to \$1,895,754 for a 1.3324% participation in the venture.

The investment in 2,400,000 shares or approximately 21% of the outstanding shares of Dome Petroleum Limited is accounted for by the Company on the equity method whereby the investment is carried at cost plus the Company's share of Dome Petroleum's undistributed earnings. The Company's share of the annual net earnings of Dome Petroleum is reflected currently in income and amounted to \$8,451,000 in the year 1975.

The Company owns approximately 19% of the outstanding shares of Canada Tungsten Mining Corporation Limited, a tungsten producer located in the Northwest Territories, having acquired a major portion of this interest as a result of participation in the original discovery syndicate. The Company received dividends from Canada Tungsten of \$78,490 in 1970, \$201,140 in 1971 and \$83,040 in 1972. In 1973, Canada Tungsten suspended its policy of declaring dividends owing to greatly increased expenditures incurred in the exploration and development of a newly discovered underground orebody, plant modifications and townsite improvements. The investment of the Company in Canada Tungsten is not considered a significant portion of its total assets nor has it materially contributed to earnings to date.

The Company owns approximately 7½% of the outstanding shares of Mattagami Lake Mines Limited, a zinc and copper producer located in northwestern Quebec, having acquired a major portion of this interest as a result of participation in the original discovery syndicate. Mattagami Lake, in turn, owns 60% of Mattabi Mines Limited, a zinc-copper-lead producer located in northwestern Ontario and 51.7% of a large zinc refinery located in Valleyfield, Quebec and operated by Canadian Electrolytic Zinc Limited. The Company received dividends from Mattagami Lake of \$600,000 in 1973, \$1,123,180 in 1974 and \$1,300,000 in 1975 bringing to \$6,131,221 the total dividends received since the commencement of dividends in 1967. Dividends received by the Company from other Canadian corporations are not taxable in the hands of the Company.

### Directors and Executive Officers

The name and office held in the Company, principal occupation or employment as at December 31, 1975 and principal business affiliation of each director and executive officer of the Company are as follows:

Name and Office in Company	Principal Occupation or Employment	Principal Business Affiliation
CLIFFORD W. MICHEL, Chairman of the Board and a Director	Investment Broker	General Partner, Kuhn, Loeb & Co., Members New York Stock Exchange Inc., New York, U.S.A.
F. WARREN PERSHING, Director	Investment Broker	Chairman of the Board, Pershing & Co. Inc., Members New York Stock Exchange Inc., New York, U.S.A.
A. BRUCE MATTHEWS, Director	Business Executive	Executive Vice-President, Argus Corporation Ltd., Investment Holding Company, Toronto, Canada.
JAMES B. REDPATH, President and a Director	Mining Executive	Company and subsidiaries.
WILLIAM F. JAMES, Director	Consulting Geologist	Partner, James & Buffam, Consulting Geologists, Toronto, Canada.
ALLEN T. LAMBERT, Director	Banker	Chairman and Chief Executive Officer, The Toronto-Dominion Bank, Toronto, Canada.
CHARLES P. GIRDWOOD, Vice-President and a Director	Mining Executive	Company.
FRASER M. FELL, Q.C., Secretary-Treasurer and a Director	Solicitor	Partner, Fasken & Calvin, Barristers & Solicitors, Toronto, Canada.
JOHN K. McCAUSLAND, Director	Business Executive	Retired Vice-President and Director, Wood Gundy Limited, Investment Company, Toronto, Canada.
G. ALEXANDER ADAMSON, Director	Chartered Accountant	Retired partner, Clarkson, Gordon & Co., Auditors, Toronto, Canada.
MALCOLM A. TASCHEREAU, Senior Vice-President	Mining Executive	Company and subsidiaries.
G. S. WALLACE BRUCE, Vice-President Exploration	Geologist	Company.
EDMUND J. ANDRECHECK, Assistant Treasurer	Accountant	Treasurer of subsidiary companies of Dome Mines Limited, Toronto, Canada.

### Principal Markets for Company's Shares

The New York Stock Exchange and The Toronto Stock Exchange are the principal markets in which the Company's shares are traded. Shown below are the high and low sales prices for the Company's shares on these exchanges for the periods indicated. As the Company's shares were split 3 for 1 on May 10, 1974, the share prices prior to this date have been restated accordingly:

New York Stock Exchange	1975		1974	
	High	Low	High	Low
United States dollars				
First Quarter .....	56½	41¾	63	51½
Second Quarter .....	55½	42¼	65¾	43
Third Quarter .....	51¼	34¼	64½	31¾
Fourth Quarter .....	39¾	30	59¾	42
Toronto Stock Exchange	1975		1974	
	High	Low	High	Low
Canadian dollars				
First Quarter .....	56½	41¾	62¾	50¾
Second Quarter .....	55½	42½	63¾	42
Third Quarter .....	52¼	35	62¾	31½
Fourth Quarter .....	41	30¾	58½	41½

**Dividends Paid** (Canadian dollars)

The dividends paid on the Company's shares for each quarterly period during 1974 and 1975 are shown below and these figures have been restated for the periods prior to the May 10, 1974 split of the shares on a 3 for 1 basis.

	1975			1974		
	Declared per share			Declared per share		
	Regular	Extra	Total	Regular	Extra	Total
First Quarter .....	\$0.20	\$ —	\$0.20	\$0.08	\$0.02	\$0.10
Second Quarter .....	0.20	—	0.20	0.15	—	0.15
Third Quarter .....	0.20	—	0.20	0.20	—	0.20
Fourth Quarter .....	0.20	0.10	0.30	0.20	0.30	0.50
Total for Year .....	<u>\$0.80</u>	<u>\$0.10</u>	<u>\$0.90</u>	<u>\$0.63</u>	<u>\$0.32</u>	<u>\$0.95</u>

**Annual report on Form 10-K**

Copies of the Company's form 10-K Annual Report to the United States Securities and Exchange Commission are available to shareholders without charge by writing to Fraser M. Fell, secretary of the Company, P.O. Box 30, Toronto-Dominion Centre, Toronto, Ontario, Canada, M5K 1C1.





